

Chapter I of the Clearing Conditions of Eurex Clearing AG

General Provisions

As of 12.11.2018

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AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

Clearing Conditions of Eurex Clearing AG

Preamble

As provided for in these clearing conditions of Eurex Clearing AG (hereinafter referred to as “**Clearing Conditions**”) Eurex Clearing AG, having its registered office in Frankfurt am Main, acts as central counterparty for (a) (i) transactions in securities and *Wertrechte*, including German book-entry securities (*Gutschriften in Wertpapierrechnung*) and Swiss intermediated securities (*Schweizer Bucheffekten*) (hereinafter together the “**Securities**”) and (ii) futures, options and other derivative transactions, which, in each case, result from either matching orders and quotes of trading participants (the “**Matching**”) on the markets Eurex Deutschland, Eurex Repo or another multilateral trading facility for Repo Transactions, Frankfurter Wertpapierbörse and Irish Stock Exchange (hereinafter collectively referred to as “**Markets**” and each a “**Market**”, each transaction resulting from Matching a “**Market Transaction**”), (b) novations of transactions executed over-the-counter (each transaction resulting from an over-the-counter transaction an “**OTC Transaction**”) or (c) novations of executed over-the-counter securities or cash lending transactions or securities lending transactions executed on Eurex Repo (each transaction resulting from a novation of any such **securities** (or cash) **lending transaction** a “**Securities Lending Transaction**”, and each Market Transaction, OTC Transaction and Securities Lending Transaction, a “**Transaction**”).

[...]

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Part 1 General Clearing Provisions

1 General Rules

[...]

1.1.2 The Clearing Procedures refer to the following types of Transactions (each a **“Transaction Type”**): Transactions resulting from:

[...]

- (2) the matching of orders and quotes regarding securities in the trading system of Eurex Repo GmbH (**“Eurex Repo”**) pursuant to Chapter IV (the resulting Transactions being referred to in this Chapter I as “Eurex Repo Transactions”) and the novation of Transactions pursuant to Chapter IV concluded through the System of another multilateral trading facility (the original Transactions being referred to in this Chapter I as “Original MTF Repo Transactions”, the resulting Transactions being referred to in this Chapter I as “MTF Repo Transactions” and the MTF Repo Transactions together with Eurex Repo Transactions referred to in this Chapter I as “Repo Transactions”);

[...]

[...]

1.2.4 Certain Definitions and Interpretation

In these Clearing Conditions:

(1) **“Business Days”** means

(a) [...]

(b) for the Clearing of Eurex Repo Transactions and Original MTF Repo Transactions (Chapter IV): ~~the trading days determined by the management board of Eurex Repo;~~ the trading days determined by the management board of Eurex Clearing AG;

[...]

[...]

7.5 Default Management Process

[...]

Each Clearing Member shall provide Eurex Clearing AG with a completed form as published by Eurex Clearing AG on its website (www.eurexclearing.com) in which the

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relevant Clearing Member provides an overview on its trading capabilities with respect to all bonds underlying ~~Eurex~~-Repo Transactions ("**Bonds Trading Sheet**"). Each Clearing Member shall provide Eurex Clearing AG with a new Bonds Trading Sheet whenever any of the determinations made in the Bonds Trading Sheet changes.

[...]

7.5.3 Establishment of Transactions by way of independent trades or by conducting DM Auctions

(1) At any time after the Termination Time (with respect to the relevant Affected Clearing Member) or the Basic Clearing Member Termination Time, Eurex Clearing AG may in its discretion, take the following measures:

(i) [...]

(ii) If it is deemed appropriate by Eurex Clearing AG in consultation with the relevant DMC(s), Eurex Clearing AG may conduct one or more auctions with respect to one or several Liquidation Groups (in whole or in part the "**DM Auctions**" or each a "**DM Auction**") to establish new Transactions specified by Eurex Clearing AG which are – taken as a whole – equivalent to Terminated Transactions of the Affected Clearing Member (or, if the Affected Clearing Member is an OTC IRS FCM Clearing Member, the Terminated Transactions of the relevant OTC IRS FCM Client) or the relevant Basic Clearing Member and/or reciprocal to DM Hedging Transactions (together the "**DM Auction Transactions**" and each a "**DM Auction Transaction**"). With respect to ~~Eurex~~ Repo Transactions, Eurex Clearing AG may, if it is deemed appropriate by Eurex Clearing AG in consultation with the relevant DMC (s), conduct one or more auctions, to sell the bonds underlying the ~~Eurex~~-Repo Transactions and to establish new Transactions being reciprocal to DM Hedging Transactions ("**DM Bonds Auctions**").

[...]

(5) Special provisions relating to ~~Eurex~~-Repo Transactions, under which the Affected Clearing Member acted as Cash Taker

(i) With respect to terminated ~~Eurex~~-Repo Transactions under which the Affected Clearing Member acted as Cash Taker, Eurex Clearing AG may conduct DM Bonds Auctions with respect to bonds underlying these Transactions, if Eurex Clearing AG could not sell the relevant bonds via independent trades.

(ii) The DM Bonds Auctions will generally be conducted separately for all bonds with the same ISIN underlying all terminated ~~Eurex~~-Repo Transactions within the relevant Liquidation Group and with respect to one or several Bonds Auction Unit(s). In individual cases, Eurex Clearing AG is entitled to combine bonds with different ISINs in the same DM Bonds Auction after consultation of the relevant DMC. "Bonds Auction Units" means, with respect to DM Bonds Auctions, one unit

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or several identically composed units of the relevant bonds underlying the terminated ~~Eurex~~-Repo Transactions, and the Transactions being reciprocal to DM Hedging Transactions as specified by Eurex Clearing AG after consultation with the relevant DMC.

(iii) [...]

A Clearing Member qualifies as “**Bonds Mandatory Participant**” with respect to the relevant DM Bonds Auction, if (i) it holds a Clearing License for ~~Eurex~~-Repo Transactions, (ii) within 3 months prior to the relevant Termination or Basic Clearing Member Termination at least one ~~Eurex~~-Repo Transaction with an underlying bond which falls under the same Bonds Cluster as the bond auctioned in the relevant DM Bonds Auction (x) has been booked on a respective account, or (y) has been booked as a Basic Clearing Member Transaction of a Basic Clearing Member of such Clearing Member (acting as Clearing Agent) on a respective account, and (iii) with respect to which no Termination Event or Insolvency Termination Event has occurred and is continuing.

[...]

Eurex Clearing AG assigns each bond underlying a ~~Eurex~~-Repo Transaction to a group of bonds predefined by Eurex Clearing (each a “**Bonds Cluster**”).

[...]

(v) [...]

The amount of the Contributions to the Default Fund of the Bonds Mandatory Participant, which shall be realised prior to the Contributions to the Default Fund of the other Non-Affected Clearing Members, shall be calculated as follows: the product of (i) the fraction of (a) the sum of all Credits minus the sum of all Debits and Non-Bidding Debits and (b) the sum of the Additional Margin requirements for all Bonds Auction Units, for which the Bonds Mandatory Participant has submitted a Mandatory Bid and for which the Bonds Mandatory Participant should have submitted (but failed to submit) a Mandatory Bid and (ii) the parts of the Contributions to the Default Fund of the Bonds Mandatory Participant which is allocated to the Liquidation Group comprising the ~~Eurex~~-Repo Transactions.

[...]

[...]

(6) Special provisions relating to FWB Transactions, under which the Affected Clearing Member acted as seller, and ~~Eurex~~-Repo Transactions, under which the Affected Clearing Member acted as Cash Provider:

- (i) With respect to terminated FWB Transactions under which the Affected Clearing Member acted as seller, and with respect to terminated ~~Eurex~~-Repo Transactions under which the Affected Clearing Member acted as Cash

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Provider, Eurex Clearing AG shall purchase bonds and securities (as applicable) underlying these Transactions via independent trades.

- (ii) [...]
- (iii) If Eurex Clearing AG is not able to purchase a bond or a security (as applicable) via independent trades, Eurex Clearing AG is entitled to determine a cash settlement regarding such bond or security (as applicable) with respect to one or more other Clearing Member(s), to which the relevant bond or security (as applicable) shall be delivered under a Eurex Bond Transaction, a ~~Eurex~~-Repo Transaction, or a FWB Transaction.

The cash settlement amount is the product of (i) the relevant Maximum Price and (ii) the relevant number of bonds or securities (as applicable) which were not delivered under the relevant ~~Eurex~~-Repo Transaction, or FWB Transaction due to the cash settlement. If there is more than one Clearing Member to which the relevant bond or security (as applicable) shall be delivered under a Eurex Bond Transaction, a ~~Eurex~~-Repo Transaction or a FWB Transaction, the relevant cash settlement shall be performed between such Clearing Members on a pro rata basis.

[...]

[...]

9 Termination Rules with respect to Eurex Clearing AG

[...]

9.3.3 A “**Delivery Default**” occurs if:

[...]

- (4) [...]

Delays in effecting a delivery for technical reasons shall not lead to a Delivery Default. Upon receipt of a Cash Settlement Request by a Clearing Member or a Clearing Agent (acting on behalf of the relevant Basic Clearing Member) (the date of such request, the “**Cash Settlement Request Date**”) Eurex Clearing AG shall no longer be obliged to make any delivery under the relevant Transaction. This obligation shall be replaced by an obligation of Eurex Clearing AG to pay to the Clearing Member or the Basic Clearing Member, respectively, the Cash Settlement Amount under the relevant Transaction (each a “**Cash-settled Transaction**”). For the avoidance of doubt, a failure to deliver under ~~an-Eurexa~~ Repo Transaction as described in Chapter IV Number 2.6 Paragraph (1) (a) (Failure to Deliver on the delivery date of the Front Leg) shall not give rise to a Failure to Pay Event pursuant to Number 9.3 Paragraph (1).

[...]

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[...]

Part 2 Subpart A: General Elementary Clearing Model Provisions

[...]

4 Margin

[...]

4.3 Delivery of Eligible Margin Assets

[...]

4.3.2.2 Notwithstanding Number 4.3.2.1, a Clearing Member may also provide Eligible Margin Assets in the form of Securities as Margin by pledge by using Xemac on the basis of the SC Xemac. For such purpose, the creation of the pledge is effected by way of Earmarking. Only for the provision of Proprietary Margin to Eurex Clearing AG via Xemac, a Clearing Member may also use Securities which it has received as collateral – in accordance with Number 3.2 of the Terms and Conditions for Participation and Trading on Eurex Repo GmbH or the corresponding provision in the terms and conditions of another multilateral trading facility, if applicable – in relation to GC Pooling Repo transactions. Notwithstanding Number 4.3.2.1, a Clearing Member participating in the trading of GC Pooling Repos and using the Re-use related type of contract in Xemac may, upon request, provide Proprietary Margin in Xemac also via the account of a settlement institution within the meaning of Chapter IV Part 1 Number 1.1.2 Paragraph 2 (b), provided that such settlement institution is domiciled in Germany.

[...]
